

Message Text

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PAGE 01 EC BRU 03054 291324Z

ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EURE-00 ACDA-10 EB-04 NSC-05

NSCE-00 L-01 SP-02 PM-03 OES-02 INR-05 CIAE-00

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P R 291222Z MAR 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 3381

INFO ALL EC CAPITALS

AMEMBASSY OTTAWA

ERDA WASHINGTON

ERDA GERMANTOWN

AMEMBASSY BERN

AMEMBASSY TOKYO

USMISSION VIENNA

C O N F I D E N T I A L EC BRUSSELS 03054

LIMDIS

E.O. 11652: GDS

TAGS: TECH, ENRG

SUBJECT: CANADA-EURATOM SAFEGUARDS NEGOTIATIONS

REF: EC BRUSSELS 2129 (NOTAL)

1. LATEST ROUND OF TALKS WERE HELD IN BRUSSELS, MARCH 23-24. LOCAL PRESS REPORTS ON RESULTS HAVE BEEN DIVERSE AND, ACCORDING TO ONE EC COMMISSION SOURCE, GENERALLY INCORRECT. COMMISSION OFFICIALS CONTINUE TO BE RELUCTANT TO DISCUSS DETAILS OF THE NEGOTIATIONS. AS BEST WE CAN DETERMINE AT THIS TIME, THE NEGOTIATIONS HAVE REACHED AN IMPASSE REQUIRING MINISTERIAL-LEVEL INVOLVEMENT.

2. OFFICER IN CANADIAN MISSION RESPONSIBLE FOR ENERGY AND NUCLEAR MATTERS INFORMED US THAT THE MAJOR ISSUE PRECIPITATED THE IMPASSE WAS CANADIAN INSISTENCE THAT THE GOC HAD TO APPROVE ANY REPROCESSING OR ENRICHMENT ABOVE 20 PER CENT OF CANADIAN-SUPPLIED URANIUM. HE SAID THAT COMMISSION NEGOTIATORS COULD NOT ACCEPT THIS VETO POWER SINCE IT COULD RESTRICT INTRA-COMMUNITY FLOW OF NUCLEAR MATERIALS CONTRARY TO FREE TRADE PROVISIONS IN THE TREATY OF ROME AND THE EURATOM TREATY.

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PAGE 02 EC BRU 03054 291324Z

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(AN EXAMPLE WOULD BE CANADIAN DISAPPROVAL OF TRANSFER OF ITALIAN URANIUM TO UK FOR ENRICHMENT.) CANADIAN NEGOTIATORS, ACCORDING TO OUR SOURCE, HAD EARLIER AGREED TO ARRANGEMENTS OUTSIDE THE AGREEMENT CALLING FOR "CONSULTATIONS" RATHER THAN EXPLICIT APPROVAL ACTION IN THE AGREEMENT, BUT HAD BEEN REQUIRED TO TOUGHEN THEIR STAND AS RESULT OF MINISTERIAL REVIEW IN OTTAWA.

3. THE CANADIAN MISSION OFFICER SAID THAT ANOTHER UNRESOLVED ISSUE WAS THE CANADIAN REQUEST THAT, IF SUBSEQUENT EC TREATIES INCLUDE MORE STRINGENT PROVISIONS THAN THE CANADIAN AGREEMENT REGARDING NUCLEAR SAFEGUARDS AND CONTROLS, SUCH PROVISIONS WOULD AUTOMATICALLY BE EXTENDED TO THE EC-CANADA AGREEMENT ("RATCHETING"). FULL AGREEMENT IS ALSO NEEDED REGARDING CANADIAN REQUEST FOR SOME CONTROL OVER TRANSFER OF SENSITIVE NUCLEAR TECHNOLOGY. (GERMANY HAS PROPOSED THAT SINCE TRANSFERS OF NUCLEAR TECHNOLOGY PER SE DO NOT FALL UNDER THE COMPETENCE OF THE TREATY OF ROME, SUCH TRANSFERS WOULD BE GOVERNED BY BILATERAL AGREEMENTS BETWEEN THE GOC AND THOSE MEMBER STATES RECEIVING CANADIAN NUCLEAR TECHNOLOGY ((FRG, ITALY, UK AND POSSIBLY NETHERLANDS) RATHER THAN UNDER THE EC-GOC NUCLEAR AGREEMENT.)

4. THE PROBLEMS OF THE ACCOUNTING BY THE EC OF ALL URANIUM SUPPLIED BY CANADA AND THE PROBLEM OF RE-EXPORTS TO FRANCE HAVE VIRTUALLY BEEN RESOLVED
CONFIDENTIAL

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PAGE 03 EC BRU 03054 291324Z

ACCORDING TO OUR CANADIAN SOURCE. (FRANCE IS TO PROVIDE THE GOC ASSURANCES THAT UNTIL FRANCE PUTS IN FORCE TRILATERAL ARRANGEMENTS WITH EURATOM AND IAEA, ANY CANADIAN-ORIGIN URANIUM WHICH MIGHT ENTER FRANCE WILL BE FOR THE ACCOUNT OF OTHER EC MEMBER STATES AND WILL NOT BE USED IN FRANCE.)

5. THE CANADIAN MISSION OFFICER WAS RELUCTANT TO GO INTO FURTHER DETAIL BECAUSE OF THE US-CANADIAN CONSULTATIONS ON NUCLEAR MATTERS SCHEDULED IN WASHINGTON ON MARCH 30. AT THAT TIME, HE SAID, THE CANADIANS WILL BRIEF THE USG ON THE STATUS OF NEGOTIATIONS WITH JAPAN AND SWITZERLAND AS WELL AS WITH THE EC AND SEEK AS MUCH INFORMATION AS POSSIBLE ON THE NEW ADMINISTRATIONS'S POLICY ON NUCLEAR EXPORT POLICY SINCE SUCH INFORMATION WILL BE EXTREMELY IMPORTANT AT THIS STATE OF CANADA'S NUCLEAR NEGOTIATIONS. HE NOTED THAT JAPAN WAS CLOSE TO ACCEPTING CANADIAN TERMS BUT THAT THESE TERMS POSED

PROBLEMS FOR SWITZERLAND AS WELL AS FOR THE EC.

6. OUR CANADIAN SOURCE SHOULD BE FULLY PROTECTED
IN ANY DISCUSSIONS OF THESE NEGOTIATIONS. EC COM-
MISSION OFFICIALS INFORM US THAT AGREEMENT WAS REACHED
WITH CANADIANS THAT NO DETAILS OF CURRENT NEGOTIATIONS
WOULD BE PASSED ON. HINTON

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